



OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

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18-18 City of Colorado Springs Police Impound Lot

May 2018

Purpose

The purpose of this process review audit was to define opportunities to improve the effectiveness and efficiency of Impound Lot processes. This project was requested by the Colorado Springs Police Department (CSPD).

Highlights

Our process review audit, done in collaboration with the CSPD staff, identified opportunities for improvement to relieve pressure from ongoing high inventory levels. In addition, we noted four observations to improve reporting, safety, contracting, and operations that management will address.

CSPD operates an outdoor impound lot, which houses vehicles and other large objects being held for evidence or as part of their community policing efforts. During 2017, curtailment orders were issued on six occasions to stop impounding abandoned vehicles because the lot was full. At the time of this project, there were 961 vehicles on the lot, which represents 87% of capacity. To investigate possible effectiveness and efficiency improvements, we structured our review as a Lean Process Improvement Event. The opportunities for improvement listed in this report are the result of the team of Impound subject matter experts, CSPD management, and City Auditor facilitator's work to illustrate the current state value streams, identify areas of waste, and make recommendations to improve efficiency. Several other observations were made by the auditors in addition to those developed by the team. Evidence collected to support the observations was a combination of auditor observation of processes, data analysis from various CSPD data sources, and the input of the team's subject matter experts. Details for the observations and opportunities begin on page 3 of this report.

The vehicles held at Impound can be classified based on the amount of time they stay on the lot. Vehicles held as evidence in a major crime may require permanent storage, while vehicles picked up due to abandonment or accident typically stay for shorter periods. While the evidence vehicles represent the greatest number of

(Continued on page 2)

Management Response

Management was in agreement with our recommendations.

Recommendations

The CSPD Impound staff should:

1. Renew the contract for auction services.
2. Work with Information Technology to address improvements in the Impound tracking system.
3. Reconcile and resolve reporting discrepancies between the Impound tracking system and general ledger.
4. Address the identified security issues.
5. Implement improvements to the auction process.

Opportunities

1. Implement improvements to lot utilization.
2. Implement improvements to the direct release process.
3. Implement improvements to the pre-intake process.
4. Work with the District Attorney and other stakeholders to determine the evidentiary value of vehicles held in long term storage.

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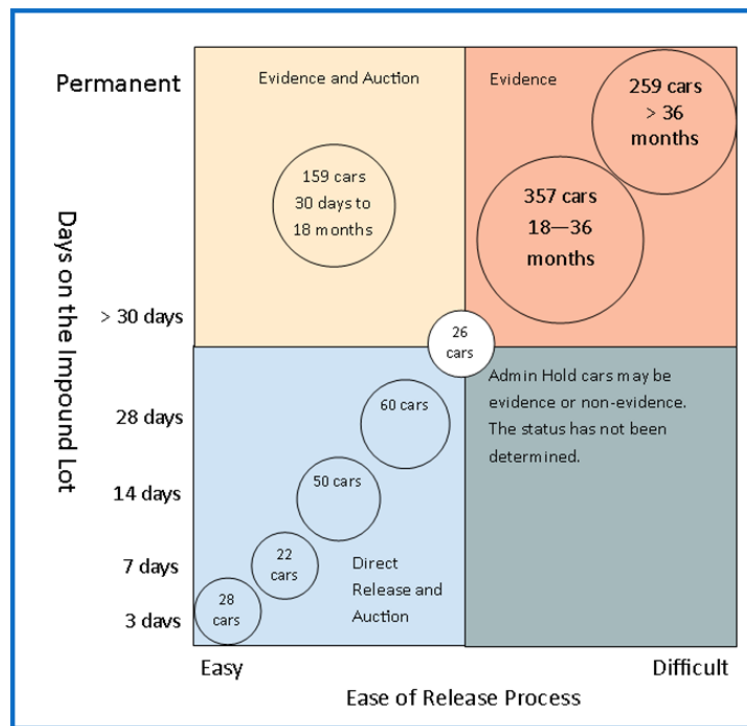
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18-18 CITY OF COLORADO SPRINGS POLICE IMPOUND LOT

(Continued from page 1)

items on the lot, fewer evidence vehicles were added or removed from inventory each month than non-evidence vehicles. During 2017, CSPD impounded 5,095 vehicles and 64% or 3,243 of those were released back to their owners, typically within 30 days of arriving. In addition, 2,085 vehicles were sold through auctions either to the public or to scrap dealers. In total, the inventory fell during 2017 by 233, in part due to efforts of a special task force working to identify and release vehicles that were no longer needed as evidence.

The high-turnover, non-evidence vehicles were the focus of our process improvement event because handling of these items was primarily under the control of the Impound staff and they were not subject to the long term holds required for evidence. A recurring problem cited by the team was the inability of the Impound staff to move cars without calling an external towing company because they do not have any equipment capable of moving cars. This lack of equipment contributes to several of the efficiencies identified. During 2017, Impound incurred \$65,000 in towing expense to move cars for auctions alone. We recommend CSPD consider applying these funds towards the purchase of equipment that would give the Impound staff the ability to control the location of cars on the lot.



The team met for three days and mapped the processes from the arrival of a vehicle through to the various methods of releasing a vehicle. The percentage of time a process could be completed accurately on the first attempt was calculated for each of the main processes. Four processes stood out as having the highest potential impact for improvements to address waste.

1. Direct release—16%
2. Physical Lot arrangement—60%
3. Auction Prep—80%
4. Pre-Intake—80%

The goal for each process improvement to be implemented will be to improve these statistics.

The auditors would like to acknowledge the contributions made by the process improvement team and the support from CSPD command in making their staff available for the event.

18-18 CITY OF COLORADO SPRINGS POLICE IMPOUND LOT

Observation 1

The contract for auction services expired during 2017 and a renewal request had not been initiated by CSPD at the time of the audit. Per City Procurement regulations, a properly approved and executed contract is required. The auction vendor was paid a fee directly by auction buyers, not by the City. Consequently, financial controls such as approval of an invoice, that might have brought it to management attention earlier, were not in place for this contract.

Recommendation

CSPD should either solicit a new auction vendor or renew the auction contract and implement processes to ensure future renewals are completed in a timely manner.

Management Response

We agree with the recommendation. City contracting advised they will issue the modification request for renewal this month (May 2018).

Observation 2

The Impound Tracking System Database (ITS) is a stand alone, custom built, internal use application used to facilitate operations of the lot. Through the Lean process, the team identified several enhancements to ITS that would improve operations. The Impound staff had also noted other issues with the application and had held informal discussions with City Information Technology (IT) on improvements.

Recommendation

Potential reporting errors on the Impound Tracking System Database should be researched and, if correction is needed, submitted through the IT Change Management System.

Management Response

We agree with the recommendation. There were previous requests for enhancements; however, new requests from the audit have been combined into one I.T. service request (#183883) as of March 2018. I.T. will begin addressing these enhancements in the third quarter of 2018 due to other priority projects.

Observation 3

A point of sale (POS) system was used at the Impound lot to calculate and collect fees as well as to create bank deposits and reports that were used to record revenue in the general ledger. Reports from the POS were also used to enter data manually into ITS for internal reporting. The revenue reported in ITS did not match the revenue recorded in the general ledger for towing and auction fees. In 2017, total revenue in the general ledger was \$51,350 higher than ITS. The root cause of the discrepancies had not been identified. Because applications were not integrated, there was opportunity for data entry errors.

Recommendation

Reporting differences between the general ledger and Impound Tracking Systems (ITS) should be researched to determine the cause of the discrepancies. Processes for reporting to the Fiscal Unit should also be researched to eliminate errors.

Management Response

We agree with the recommendation. Impound management will collaborate with the Fiscal Services Unit to research the reporting discrepancies and develop a system for continuous review. We suspect this is related to a discrepancy in the ITS calculation of fees waived for victims.

18-18 CITY OF COLORADO SPRINGS POLICE IMPOUND LOT

Observation 4

Safety concerns were noted by the auditors and discussed with management during the audit. Due to the sensitive nature of these issues, the details will not be published.

Recommendation

Safety concerns identified should be addressed.

Management response

We agree with the recommendation. Impound management will review and address all safety concerns noted.

Observation 5

In 2017, 38% of auctioned cars were sold in public title auctions and 62% were sold in non-title scrap auctions. Issues concerning the efficiency of the auction processes include:

- Cost to move cars to the auction lot was \$65,000 in 2017.
- Data entry of sales prices into ITS was inefficient.
- The paperwork produced for both types of auctions was virtually identical and labor intensive to produce. If the intent was to scrap non-title cars, the paperwork should not need to be sufficient for the buyer to obtain a clear title.
- Each title auction used 88 man hours to conduct and overtime labor was paid because the auctions were held on Saturday.
- Department of Motor Vehicle paperwork for title auctions required a labor intensive process.
- Holding vehicles for long periods awaiting an auction required a great deal of lot space.

Recommendation

To improve auction efficiency the team recommended several possible improvements:

- Investigate methods to move cars using Impound staff and equipment rather than an outside towing company.
- Request improvements to ITS for auction prep to streamline the appraisal and auction paperwork process.
- Eliminate unnecessary steps to value each non-title car when it is sold.
- Investigate with Department of Motor Vehicles the minimum paperwork required for selling scrap cars.
- Investigate with the Department of Motor Vehicles alternatives to the current bills of sale which require excessive hand writing.
- Investigate alternatives to the current public auction such as an online auction.

Management Response

We agree with the recommendation. We are researching costs/options for in-house machinery to move vehicles. We submitted I.T. service request # 183883 for ITS enhancements. We are consulting with DMV on legally required paperwork for scrap vehicles. We are researching alternative auction solutions

18-18 CITY OF COLORADO SPRINGS POLICE IMPOUND LOT

Opportunity for Improvement 1

Vehicles impounded were located on a large secure main lot, a secure auction lot, and minimally improved North Lot. Per staff, future expansion in the North area on five undeveloped acres is possible but cost prohibitive. Impoundments were curtailed six times in 2017 due to overcrowding. Evidence and non-evidence cars were intermingled in the main lot.

Over time, the lot utilization has become less than optimal and were estimated to be 20—25% inefficient. The Impound staff does not have machinery to move cars without engaging an outside tow company. In order to adjust the lanes and gain space in the lot, all cars would need to be systematically re-parked. Under the existing contract, the cost to realign all cars to gain efficiency would be \$23,000.

To prepare for an auction, each car needs to be moved from the main lot to an auction location. In 2017, the cost to move cars for auction was \$65,000. Auction cars were held longer than the required 30 days because auctions were held at predetermined intervals. Average days on the lot for a car released in scrap auctions was 59 days, for public auctions—106 days.

Management Response We agree with the recommendation. We are researching costs/options for in-house machinery to move vehicles, and are exploring alternative lot layouts. We have received estimates for securing and expanding the North Lot. We are researching alternative auction solutions.

Recommendation

To improve lot utilization the team recommended several possible improvements:

- Begin creating separate after hours and admin hold locations within the Main lot.
- When possible, park abandoned cars in the auction lot, instead of the main lot if it is likely they will end up in the auction lot.
- Realign cars in main lot in a more compact layout.
- Research costs to expand and secure North lot.
- Research costs for new towing contract and/or purchase of in-house machinery to assist with moving cars.
- Research possible alternatives to the public auction such as an online auction.

Opportunity for Improvement 2

In 2017, 61% of all Impound releases (3,243 cars) went through the direct release process resulting in cars being returned to their owners. Analysis of this process showed only 16% of owners were able to retrieve their cars successfully on their first visit because they were unprepared to provide the required documentation to obtain their car. Each visit by an owner resulted in Impound Technicians time being spent and in most cases, this time did not result in the car being released.

While the Impound Lot web site contained a great deal of information, it appeared the information was likely either not being read or not understood. The root cause of this issue was not readily apparent.

Management Response

We agree with the recommendation. We revised the Car Card with a perforated “receipt” for customers, which contains release information and an internal tracking number. We are designing self-service brochures and updating all resource information such as the public internet site, handouts, and the outgoing Impound voice message. We are consulting with DMV on legal requirements for release documentation. We submitted an I.T. service request (#183883) in March of 2018 to add the internal tracking # to ITS, and to provide vehicle release status on the public impound website allowing tow/insurance companies to review release status and reduce the number of daily inquiries.

Recommendation

The team recommends the Impound staff develop and implement methods to improve citizen understanding of the direct release process. Possible approaches include:

- Work with law enforcement stakeholders to develop communication methods to be provided by first responders to citizens.
- Create self-service brochures.
- Refine required documentation for direct release to an owner.
- Develop more automated methods to communicate status to insurance companies.
- Refine requirements for assigning cars to insurance or tow companies.

18-18 CITY OF COLORADO SPRINGS POLICE IMPOUND LOT

Opportunity for improvement 3

When a vehicle arrives, the tow truck drivers deliver a Car Card that was filled in by an Officer at the time of towing. The Car Card indicates if the vehicle was evidence, non-evidence or being placed on administrative hold. There were 32 separate fields on the Car Card form which were supposed to be completed by the officer. Incomplete or inaccurate Car Cards required additional tech time.

During business hours, arriving vehicles were parked based on directions given by the Impound staff. After business hours, cars were dropped at the Impound Lot by tow truck drivers with no Impound staff oversight. Cars parked after hours were more likely to be parked inefficiently. As a result, evidence and non-evidence cars were intermingled in the main lot. There was no separate holding area and no in-house capability to move cars.

Management Response

We agree with the recommendation. We are researching costs/options for in-house machinery to move vehicles. The Car Card has been revised with input from Officers and will continue to be reviewed/updated. Impound staff will attend Officer line-ups and provide a tutorial for the new Car Card implementation. We are researching alternative software solutions for the ITS.

Recommendation

To improve efficiency of the pre-intake process the team recommended several possible improvements:

- Create an after hours staging location to make it easier to find after hours cars.
- Continue efforts to develop an improved Car Card with input from Officers.
- Develop capability to move vehicles through in-house equipment or flexible, affordable tow contracts.

Opportunity for Improvement 4

At the time of our review, 259 vehicles had been on the lot for more than 36 months, indicating they were being held as evidence in a major crime such as homicide. Current laws and District Attorney guidelines indicate evidence for major crimes must be kept indefinitely. The majority of these vehicles have significant body damage and were not protected from the elements. Deterioration of the interior and exteriors due to weather exposure was visible. Some vehicles had fire damage and were rusting.

While the laws and DA guidance were clear, the evidentiary value of these vehicles stored for very long periods seemed questionable. Vehicles may no longer hold value as evidence due to deterioration over time. Of the 921 cars on the lot, 259 (28%) had been there longer than 36 months. Permanent storage of these vehicles will contribute to the need to expand the Impound Lot.

Management Response

We agree with the recommendation. Two CSPD employees are dedicated part-time six months of the year to research hold vehicles and have assisted with releasing at least 100 vehicles since 2017. Release requests are sent to the DA's Office on all cases not legally required to be held. Impound management will consult with the DA's Office to determine the potential for additional evaluation of the evidentiary value of vehicles stored long-term at the Impound facility. A new Administrative Hold policy was drafted to allow a short-term investigative hold to facilitate lab processing and to identify evidentiary value of vehicles before placing on a long-term Evidence hold.

Recommendation

We recommend the CSPD work with the District Attorney and other stakeholders to evaluate the evidentiary value of vehicles stored at the Impound Lot for extended periods.